suppliers that produce and transport its products. Walmart both rewards suppliers who are already producing products in an environmentally friendly way by putting a Sustainability Leader badge on approved products and helps suppliers to shrink their environmental footprint. These assistance initiatives are wide ranging, from working with corn farmers to optimize their fertilizer use, to encouraging suppliers to use sustainably harvested palm oil to reduce deforestation, to improving energy efficiency in Chinese manufacturing facilities. Given Walmart's footprint and influence around the world, these programs are likely to make a difference.[22]

Also in 2005, a brand repositioning initiative was launched that resulted in a new brand position in 2008. Research found that customers wanted value more than just low prices, value in the form of cleaner stores, better customer service, more high-quality products, and the lifestyle benefits of saving money. The result came together under a new slogan "Save money. Live better." It helped provide an umbrella theme for the new Walmart and its sustainability program as well as organic foods, higher quality products, and improved store look and feel.

There are still hardcore Walmart critics, but it is clear that their intensity and breadth are visibly lessened. Articles "Green Project Making It Harder to Hate Walmart" and "Walmart's Environmental Game Changer" show evidence of this change. By 2016, Walmart was in the top 7 percent of all brands in Y&R's Brand Asset Valuator.[23]

Why did Walmart suddenly make such a U-turn? Three reasons. First, the CEO decided it was the right thing to do, based, in part, on the influence of an environmental professional who had vacationed with members of the outdoor-oriented Walton family. Second, a single-minded focus on costs and the resulting policies regarding employees, communities, and suppliers had generated extremely negative press attention that affected the company's ability to grow and succeed. More communities were turning down Walmart stores, and 8 percent of Americans were committed to shopping elsewhere. Walmart executives knew they needed to take actions to improve the company image. Finally, to the surprise of the executives, many of the green programs were helping the bottom line.

Government/Policy Trends

The addition or removal of legislative or regulatory constraints can pose major strategic threats and opportunities for companies. For example, the ban of some ingredients in food products or cosmetics has dramatically affected the strategies of numerous firms. The impact of governmental efforts to reduce piracy in industries such as software (more than one-fourth of all software used is copied), CDs, DVDs, and movie videos is of crucial importance to those affected. Deregulation in banking, energy, and other industries can affect the nature and intensity of competition as firms enter and exit to take advantage of the change. The automobile industry is affected by fuel-economy standards, the luxury tax on automobiles, and incentives for electronic car purchases. Companies such as Amazon are dramatically affected by regulations requiring collection sales tax on products shipped.

Companies should track all legislative and regulatory activities that have positive and negative implications for their business, including local, state, national, and international developments. For example, Brexit will have significant implications for firms operating in the United Kingdom and the European Union and beyond. The influx of refugees from the Middle East and North Africa into Europe, the 2016 coup in Turkey, Russia's annexation of Crimea, and increased tensions with Ukraine may provide both opportunities and constraints for firms operating or planning to operate in these regions. Tracking allows companies to engage in legal advocacy activities to

influence the nature of policy decisions. Discussed in more detail in the section Scenario Analysis, like any trend, government actions are not necessarily bad for business and may even be a source of competitive advantage for some firms more than others.

Economic Trends

Economic factors play a critical role in the effectiveness of a firm strategy. A very different strategy is needed when the economic climate is healthy than when it is under stress. Further, it is far better and sometimes critical to put strategies into place before a strong or weak economy hits. Of particular importance is to forecast and adjust to recessions, especially deep ones, because they can threaten firm survival. That means the balance sheet and cash position need to be buttressed, which, in turn, implies that firms need to cut budgets and programs, sometimes radically. Marketing is particularly vulnerable because its budget appears to be discretionary. However, as marketing is the firm's connection to the customer, research has shown that while such cuts give a short-term boost to the bottom line, they are often damaging to long-term profits.[24] Rather than cutting marketing budgets and programs across the board, think of a budget crunch as an opportunity to develop and nurture the effective and identify and defund the ineffective. The actual market impact of a budget reduction can be minimized by identifying and cutting support to budget areas in which marketing performance is mediocre or worse.

Recessions can also provide opportunities for major changes in a company's competitive advantage. First, some industries and offerings thrive in recessions. Firms that offer lower priced alternatives to preferred products witness increased sales during recessions. These can be direct substitutes for higher priced goods, such as private label products over name-brand products or products that fulfill customers' needs in a similar way, such as Keurig single cup coffee pods rather than coffee drinks at Starbucks or Coleman camping gear rather than hotel room for a vacation getaway. Products that inexpensively satisfy customers' needs to indulge also do well. For example, during the 2001 recession, Leonard Lauder, chairman of Estée Lauder companies, noticed that lipstick was selling very well. He hypothesized that when money is tight, customers substitute an inexpensive, but high-quality indulgence, such as lipstick, for a larger one such as new clothing or shoes, a phenomenon that has come to be known as "the lipstick effect."[25] In the service industry, there is increased demand for firms that upgrade, maintain, or repair existing equipment as customers prefer to repair than replace equipment when in tough economic times. For example, auto mechanics can do well during recessions as customers choose to repair their old cars rather than purchase new ones.[26] Products that support frugality, such as Tupperware, which stores leftovers or allows customers to break up bulk purchases into meal-sized units, also do well when budgets are tight.

Second, a recession can provide an excellent platform to introduce products or marketing programs because the media environment is likely to be less cluttered and competitors will be less motivated and able to respond. Third, it is important to find ways to communicate value, often a necessity during tough economic times, without hurting the brand. Customers do become more price sensitive during recessions, but shouting price and deals is the wrong course because it announces that the brand is not worth the price. One way is to divert attention to value subbrands such as the BMW One Series or the Fairfield Inn by Marriott. Another is to bundle services to provide extra value at the same price, such as free shipping by Amazon or McDonald's McPick 2. Still another is to demonstrate the value of quality—Bounty paper towels pay for themselves by doing more for the same price. Finally, the frame of reference can be changed—other products